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SUBJECT: "MAKE A PLAN" MENTALITY CUSHIONS POPULATION,
REGIME FROM ECONOMIC FREEFALL

Summary

¶1. (SBU) As their country's economic decline continues to gather speed, Zimbabweans of all walks of life have increasingly adopted creative coping mechanisms, captured succinctly in the phrase "make a plan" that is now on everybody's lips. These plans are innumerable, but they can be grouped into three broad categories; belt-tightening, income augmentation, and external support. "Make a plan" strategies are perfectly rational short-term responses by average Zimbabweans seeking to weather the crisis. However, these strategies are individualist and often distract Zimbabweans from efforts to take collective actions to press the GOZ to reform. In fact, "making a plan" provides a safety valve that indirectly reduces pressure for the necessary reforms that will ultimately turn Zimbabwe's economy around. Zimbabweans' individual coping mechanisms may, over time, prove incapable of keeping pace with the scale of Zimbabwe's collapse, at which point Zimbabweans may have less to lose by abandoning their individual strategies in favor of more collective action. Nonetheless, Zimbabweans' ability to &make a plan8 will continue in the near term to have the unintended consequences of cushioning Robert Mugabe's regime from the full brunt of the economic crisis that its policies have created. End Summary.

Keeping Up Appearances Amid Economic Meltdown

¶2. (SBU) Confronted by a decade of GOZ economic mismanagement that has gnawed away at Zimbabwe's productive

base, triggered hyperinflation, and left increasing numbers of families below the poverty line, Zimbabweans from all economic and social corners struggle to maintain the quality of life they enjoyed in the 1980s and early 1990s. The struggle to make ends meet is so widespread and persistent that Zimbabweans have even coined a phrase for it) "make a plan." For example, individuals will "make a plan" to find scarce sugar or fuel, to scrape together enough money to pay for school fees, and) in the most extreme case) to abandon Zimbabwe altogether in hopes of a better life elsewhere. The phrase dates back to the era of international sanctions against Rhodesia, but has taken on new importance in the past decade. Zimbabweans' spirit of ingenuity and perseverance has given birth to innumerable coping mechanisms, which blossom and wither in line with the GOZ's erratic policies. In consultation with local academics, we have grouped the types of coping strategies used in Zimbabwe into three broad categories; belt-tightening, income augmentation, and external support.

13. (SBU) These strategies are nearly universal in Zimbabwe, but are most pronounced in urban areas, where denser populations and higher levels of general economic activity make them more effective. Additionally, rural areas) especially the traditional and overpopulated communal lands) had to a large extent been outside Zimbabwe's economic boom of decades past. Instead, occupants of these areas live a largely subsistence and cashless lifestyle) the main exception being cotton production, which annually floods some communal lands with cash that is quickly spent before it loses its value. A form of coping itself, subsistence farming has made the rural areas somewhat more immune to the

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economic decline than the urban areas. For instance, in economies built on barter) such as in the communal areas - hyperinflation is less of a problem since the relative prices of the goods to be exchanged tend to rise in near lockstep.

Cutting to the Economic Bone

14. (SBU) In a rational response to financial stress, Zimbabweans have looked hard at their spending patterns and begun to prioritize expenditures, saving for those deemed vital, substituting for necessities, and sacrificing the expendable. For white-collar Zimbabweans in the private sector, these sacrifices are somewhat superficial and primarily center on foregoing foreign vacations and entertaining less; for instance, party invitations asking guests to bring their own food as well as drinks have become common. While the children of white-collar parents still largely pursue higher education abroad, they are increasingly forgoing European schools in favor of the closer and more affordable South Africa universities.

15. (SBU) At the other end of the economic scale, sacrifices become more serious and often entail cutbacks on basic expenditures such as food, education, and hospital care. Even many middle-income Zimbabweans make due on two meals a day or less of low-quality maize-meal porridge, often with only "green meat") i.e., vegetables. Euphemistically referring to consumers buying less meat, a recent report by the GOZ taskforce on reviving agriculture noted that "consumer resistance on meat products is now evident." As the market for meat has dwindled, the demand for cheaper sources of protein, primarily the sardine-like fish kapenta harvested from Lake Kariba, has ballooned.

16. (SBU) The process of belt-tightening is in many ways a new experience for many Zimbabweans, who up to a decade ago enjoyed a relatively affluent way of life. Zimbabweans of all economic classes often remark that they are now employing belt-tightening strategies that were once unthinkable; for example, a mining executive recently remarked to econoff that

the trade in second-hand clothing, once unthinkable to proud Zimbabweans who turned their noses to the common African practice, was now booming.

¶17. (SBU) Marketing data supplied to us by retail companies clearly show consumers changing their spending patterns to cope with dwindling real paychecks. Zimbabwean spirits manufacturer African Distillers told us that consumers over the past several years had moved away from premium brands of cane spirit) a rum-like alcohol popular among lower-income groups) to more affordable brands. In fact, the distiller noted that since 2004 six new budget brands of cane spirits had hit the market. The shifting consumption pattern had badly damaged the company's premium brand which in 2002 captured 77 percent of the market, but only 22 percent in 2006-2007.

Boosting Incomes) By Whatever Means

¶18. (SBU) Failing to make ends meet even after trimming expenditures, many Zimbabweans have found second jobs or) more common) developed informal income-generating schemes

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to cover their shortfalls. The decline of formal sector economic output has created a glut of labor capacity, often freeing workers to pursue their own private enterprises while still working for their regular employers. For example, one of our legal contacts told us that a judge recently halted trial proceedings so that he could negotiate the sale of chickens over his mobile phone. Meanwhile, those without formal sector jobs have been largely absorbed into the informal economy, which continues to be comparatively robust.

¶19. (SBU) Many of these income generating schemes are benign, but University of Zimbabwe (UZ) political studies chairman Eldred Masunungure warned poloff that others are more harmful in both the near and longer term. Some these schemes hinge on theft, especially petty crimes, such as office workers gradually stealing and selling supplies purchased by their employers. These practices result in loss of income to the employer and loss of productivity to the company. Such coping strategies have in many ways made everyday living a criminal act, putting Zimbabweans on a slippery slope of lawlessness, according to Masunungure.

¶10. (SBU) In the longer term, Masunungure cautioned that such "acceptable" theft and corruption can lead to the decay of Zimbabwe's morals and social cohesion, which ultimately would make economic revival all the more difficult. Zimbabwe's youths were especially prone to seeking short-term economic gratification and get-rich-quick schemes. As an example, Masunungure noted that more and more students were leaving the University believing that education was no longer the means to upward economic mobility, a major social shift in Zimbabwe where education historically has been greatly valued.

Cushioned By Globalization

¶11. (SBU) Zimbabweans have also leveraged their country's regional location and international ties to weather the current economic downturn. As an indication of their extreme desperation, an estimated quarter or more of Zimbabwe's 12 million people have left the country and, according to a 2005 survey by the International Organization for Migration (IOM), half of them for economic reasons. Suggesting that this flow has increased in recent years, IOM data show that South African authorities currently deport about 15,000 illegal Zimbabweans each month, up from about 4,000 per month in ¶2004.

¶12. (SBU) Research by University of Zimbabwe professor Lloyd Sachikonye indicates that remittances of both money and goods from the diaspora to family members still in Zimbabwe is a vital coping strategy for at least half of the population. Sachikonye told poloff that emigration is a rational response to the economic crisis and that families often elect to send an adult-aged son or daughter into the diaspora) many times on a rotating basis) as a means of financial and material support. Hinting at the scale of these inflows, Zimbabwe's largest Western Union affiliate told us that it disbursed about US\$5 million in the first quarter of this year, with an average transaction of about US\$300. (Note. We understand that first quarter inflows are typically lower than other times of the year, as remittances usually peak ahead of Christmas. Additionally, Western Union figures do not capture remittances carried by returning or visiting members

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of the diaspora, which are probably substantial due to the GOZ's erratic and unpredictable regulation of money transfer agencies. End note.) Additionally, several internet companies allow diaspora members to purchase groceries, fuel, and other consumer goods that are then accessible by vouchers to family members in Zimbabwe.

¶13. (SBU) Zimbabwe's proximity to South Africa and other neighboring countries with growing retail bases offers Zimbabweans the opportunity to make short excursions abroad to buy needed consumer goods for personal use or resale in Zimbabwe. The cross-border trade in basic consumer goods has boomed in near lockstep with declining production in Zimbabwe. While lower-income Zimbabweans are observed in the hundreds crossing Zimbabwe's borders daily loaded with consumer goods, even middle and upper-class Zimbabweans make the sojourn to shopping "meccas" within easy driving distance of the border, such as Francistown (Botswana), Lusaka (Zambia), Chimoio (Mozambique), and Louis Trichardt and Polokwane (South Africa). Poloff, who first made the shopping trek to Polokwane in January 2006, noted on his most recent trip in April 2007 the proliferation of grocery and automotive parts stores and Zimbabwe-registered vehicles along the route.

Coping Mechanisms Buttress GOZ

¶14. (SBU) UZ professors Masunungure and Sachikonye separately agreed with poloff's assertion that these "make a plan" strategies were individualist responses to the on-going crisis. When faced with massive economic upheaval and the breakdown of traditional communal supports, Zimbabweans employ these strategies to create their own safety nets and to ensure their near-term survival. However, the two professors also agreed that, while perfectly rational, these individual responses make Zimbabwean culture more atomistic and come at the expense of collective action, such as mass protests, which in the longer-term would stand a better chance to push for reform and ensure an economic rebound.

¶15. (SBU) By creating a safety net that cushions Zimbabweans from the brunt of the economic downturn, "make a plan" strategies indirectly mitigate the pressure on the GOZ to reform. Pointing to many of his former students, Masunungure noted that the highly-motivated individuals who have since left Zimbabwe for higher paychecks elsewhere would otherwise be the ones most likely to agitate for political change. Of those remaining, Sachikonye asked how an individual who spends 95 percent of his time fending for himself could even contemplate joining a mass struggle) especially an opposition movement that does not directly focus on bread and butter issues. The middle class) which in other countries had often been the driving force for democratization) has all but disappeared, and the remaining vestiges are largely co-opted by the regime or focused on "make a plan" strategies. In contrast to Bob Marley's mantra, Masunungure

agreed with poloff that) at least in Zimbabwe - a hungry man was a docile man, not an angry man.

¶16. (SBU) Masunungure said the GOZ, while aggressively clamping down on the political sphere, has cleverly allowed most economic activity to continue unabated, which encouraged these coping strategies to flourish. The only exception to the hands-off economic policy occurred when political

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interests trumped the economic, such as the invasion of white-owned commercial farms and the unleashing of Operation Restore Order as a way to punish urban opposition supporters, according to Masunungure. The GOZ has also found ways to exploit these coping strategies, primarily by allowing remittances to flow which the GOZ then buys on the parallel market, as a means to augment its patronage network.

¶17. (SBU) Masunungure agreed with poloff's observation that -whether intentional or not - the GOZ-induced economic meltdown has paradoxically solidified the ruling party's control at least in the near term. By destroying, distracting, and co-opting the private sector, the ruling party has reinforced the loyalty of members otherwise inclined to leave the party. Would-be detractors are faced with the choice of remaining in the party or struggle financially due to their loss of patronage and inability to find meaningful private sector employment. Confirming this view, ZANU-PF MP and businessman David Butau told poloff that the only way to safeguard his budding business empire was to suck up to the ruling party. Although the resources that ZANU-PF distributes as perquisites have dwindled, Masunungure noted that patronage is surprisingly resilient and that intangibles, chiefly a license to loot, were perhaps more important than farms or other assets.

Comment

¶18. (SBU) As ex-Information Minister Jonathan Moyo once creatively commented, the GOZ has normalized the abnormal. Shortages or the outright disappearance of basic commodities have now become the norm, even a source of jokes, and as a result most Zimbabweans no longer question these abnormalities. The GOZ-orchestrated economic decline has transformed a once-sophisticated economy into a more rudimentary, barter-based economy in which savvy or well-connected Zimbabweans either get out or get rich quickly, while the vast majority desperately attempt to tread water. While there does not appear to be a "tipping point" at which the economy "collapses" or stops completely, Zimbabwe appears to have crossed a milestone at which the informal economy has become more important to most Zimbabweans than the formal economy, with all the lost tax revenue, oversight, and respect for the rule of law that comes with such a transition.

¶19. (SBU) The ascendancy of the informal economy and the corresponding rise of individual coping mechanisms has cushioned the GOZ from the full brunt of its own economic mismanagement, as "make a plan" strategies have deflected Zimbabweans' energies away from more collective, mass efforts to bring about lasting economic and political reform. At the same time, however, even the Zimbabwean gift for "making a plan" may not keep pace with the scope of the country's economic and infrastructural decay. A day may come when Zimbabweans may have less to lose by abandoning their individual coping strategies in favor of greater collective action. Nonetheless, the perseverance of these coping strategies suggests that ZANU-PF is not at imminent risk of losing its hold on power as the energies of an otherwise restless population continue to be targeted toward basic survival. All the while, Zimbabwe edges closer to the unfortunate African economic mean of simply tottering along. While perhaps the majority of Zimbabweans are not ZANU-PF

supporters, the economic implosion has forced average Zimbabweans to become indirect supporters of the system that keeps ZANU-PF in power.

¶20. (SBU) The above analysis is not meant to imply that ZANU-PF is prospering; as the economy continues to crumble, so too are its sources of regime-saving patronage. As with the general populous, ZANU-PF also engages in coping mechanism to survive. While these coping mechanisms) such as printing money and seizing productive assets) work for the moment, these strategies are also pushing Zimbabwe's economy toward the inevitable day of reckoning. We will address more fully the GOZ's short-sighted coping strategies and their likely outcome septel.
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